

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF IOWA**

In re:)	Chapter 11
)	
MERCY HOSPITAL,)	
IOWA CITY, IOWA, <i>et al.</i> ,)	Case No. 23-00623C
)	
Debtors.)	Jointly Administered

**OBJECTION OF THE ACTING UNITED STATES TRUSTEE TO THE DEBTORS'
COMBINED DISCLOSURE STATEMENT AND JOINT CHAPTER 11 PLAN OF
LIQUIDATION**

JURISDICTION, VENUE, AND STATUTORY PREDICATE

1. The Court has jurisdiction over this Objection pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (M) and (N). The United States Trustee has standing to raise, appear and be heard on this Objection pursuant to 11 U.S.C. § 307; 28 U.S.C. § 581 *et seq.*

OBJECTION

2. The Acting UST objects to the Combined Disclosure Statement and Joint Chapter 11 Plan of Liquidation (“Plan”) filed at docket 760 on two limited grounds.

3. The Plan provides a mechanism for final fee applications of professionals employed by the estate to seek payment of all final fees. *See* Docket 760, page 60.

4. The Court entered its Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals on September 14, 2023. *See* Docket 224.

5. Many professionals have deferred resolution of outstanding objections to their fee applications for the final application stage after a plan had been put on file.

6. The Plan allows for Final Fee Applications to be filed after the Confirmation Date but prior to the Professional Fee Claim Bar Date. The Plan allows for professionals already employed to apply for compensation and reimbursement of actual, necessary expenses for Post-Effective Date activities, “including the preparation, filing, *and prosecution* of Final Fee Applications.” *See* Docket. 760, pg. 60 (emphasis added).

7. The UST objects to the payment for the prosecution or defense of any fee applications at any stage of the bankruptcy that are not compensable. The Supreme Court has held that attorneys may not receive fees for defending fee applications. *Baker Botts L.L.P. v. ASARCO LLC*, 576 U.S. 121 (2015).

8. The Plan also contemplates certain Plan Supplements to be filed by the Debtors. The UST reserves all rights to object to any information provided in such plan supplements.

WHEREFORE, the Acting United States Trustee requests that the Court deny Debtors’ Motion and that the Court grant such further relief as it deems just and proper.

Dated: March 25, 2024

Mary R. Jensen
Acting United States Trustee
Region 12

By:/s/ Janet G. Reasoner
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CERTIFICATE OF SERVICE

I certify that a copy of the foregoing document was served electronically on parties who receive electronic notice through CM/ECF as listed on CM/ECF's notice of electronic filing dated March 25, 2024.

By: /s/ Jennifer L. Cline
Jennifer L. Cline
Paralegal Specialist
United States Trustee's Office